

Testimony of
Mr. Jack Norman
Before the
House Committee on Agriculture
May 9, 2006 – San Angelo, Texas

Thank you, Mr. Chairman.

Let me begin by thanking our Texas Members of the House Committee on Agriculture, the Honorable Mike Conaway, the Honorable Randy Neugebauer, and the Honorable Henry Cuellar for conducting this important field hearing right here in Texas.

My name is Jack Norman. I live in Howe, Texas, about 65 miles North of Dallas, and farm in Grayson and Fannin Counties in partnership with my brother and nephew. Our diversified, family-farming business includes 3,500 acres of wheat, 5,600 acres of corn, 900 acres of soybeans, 150 acres of hay and a small cattle operation.

As I come before you today, I represent not only my personal farming operation, but as the current President of the Texas Wheat Producers Association, I also speak for other wheat farmers across the state. While I'm here to discuss the 2007 Farm Bill, I would be remiss if I did not express the current crop devastation here in Texas. This year, wheat producers have suffered through the worst crop in history. Wheat conditions state-wide are rated at 77% poor to very poor and the Texas Agricultural Statistics Service is estimating our crop at 41 million bushels, which is 57% lower than last years' crop.

The direct and indirect impact of this crop failure is leaving its mark on the rural landscape. In essence, wheat producers have lost two major sources of income this year – cattle grazing and grain production. Producers in my area and across the state are facing rising costs associated with their industry. Diesel fuel is up 36 percent from last year and natural gas and fertilizer prices have risen drastically over the last few years. Fertilizer costs have increased an average of almost thirty percent from this time last year. We urge each of you to support Emergency Disaster Assistance and to rally the support of your colleagues for this important legislation. We need both disaster and economic assistance for the 2006 crop year without delay.

Farming has changed dramatically over the last ten years. Producers in my area are now using minimum till, planting round-up ready corn and soybeans and using Global Positioning Satellite (GPS) technology for precision planting and spraying operations. These improvements in technology have allowed us to plow and spray less and still produce more crops per acre. Also, this technology has allowed farmers to plant more acres efficiently and use fewer people. For

example, in my personal operation, my brother, nephew and I and four employees do all the work on our 10,000 acre farm. We hire no custom work or harvesting.

However, these improvements have not allowed us to enjoy a fair profit margin because of increased input costs and equipment costs. Despite these gains in efficiency, it has continued to be difficult to remain profitable and some farmers have gone out of business. Although consolidation of farms has taken place in the counties where I farm and the Northern Texas area, I do not know of any so called “corporate farms”. Farms may be larger than 10 years ago, but the typical farm still has one or two family members doing most of the work and is truly a family farm.

While many have discussed the extension of the current Farm Bill, I will direct my comments to the development of the 2007 Farm Bill. I am not opposed to an extension, but I am here to look toward the future. I believe it is both urgent and imperative that Congress acts promptly and decisively to assure the income and economic stability of Agriculture and Rural America. I want to play an active role in crafting the next Farm Bill based on the strengths of the 2002 Farm Bill. The first two questions my banker asks when I go to him to secure a loan for my operation are “do you have crop insurance and are you enrolled in the farm program?” Without the safety net of a solid Farm Bill, bankers will not loan money to farmers in mine or any other area. We must have a Farm Bill that is able to be utilized by all producers.

The 2002 Farm Bill has worked, and worked well for most commodities. However, wheat farmers have not been able to take full advantage of the Commodity Title programs. Although the intent of the Counter Cyclical and Loan Deficiency payment programs were designed to provide producers stability in times of low prices, the loan rate for wheat was set too low for income stability. Wheat growers are now unsupported by price-triggered programs in times of crop failure when crop shortages lead to higher prices which preclude support. These dynamics suggest a need to shift policy towards programs less tied to current market conditions, with producers having flexibility to use different programs for different crops. For example, the National Association of Wheat Growers is currently having FAPRI score various scenarios in which wheat growers would be given the opportunity to receive a higher direct payment in lieu of participation in the Counter-Cyclical program. If the FARPI results show this is not a realistic option, then we hope to see the loan rate for wheat increased to \$4.40 per bushel.

In addition to the loan rate being too low for wheat, I have personally experienced another loan rate issue – the loan rate differential between Soft Red Winter and Hard Red Winter Wheat. Loan rates for SRWW were drastically reduced following the implementation of the 2002 Farm Bill, which caused many producers in my area to plant a variety of HRWW. Given the climate and rainfall in our region, planting HRWW is not a sound agronomic decision, but it is a sound financial decision when loan rates vary by anywhere from .20 to .60 cents per bushel. The large change in loan rates was unexpected by producers, therefore, we hope to resolve the loan rate differential among wheat classes in the next Farm Bill.

My final comments will be brief in lieu of time and represent the views of Texas wheat producers.

- ❖ We support full preservation of domestic support within the commodity title at no less than the amount authorized in the 2002 Farm Bill, while recognizing the importance of all countries moving toward fewer trade distorting policies.
- ❖ Wheat producers support current conservation policy, and would like to see more “farmer-friendly” solutions to enrollment. We believe that simplified, streamlined environmental programs would allow for greater efficiencies.
- ❖ We believe successful farmers should be able grow their businesses as they like, without the fear of losing the safety net. Payment limitations should not be lowered in the current or any future Farm Bills.
- ❖ We would like to see improved risk management opportunities for agricultural producers. Our wheat crop is a disaster, and even with crop insurance, we still have a 35% gap in coverage. Year after year, wheat producers cannot survive a 35% or greater loss. We need to find a better solution than emergency disaster assistance programs, as you and I both know how difficult the federal budget situation is.
- ❖ We believe trade must continue, and support for Foreign Agriculture Service (FAS) programs, like the Market Access Program and Foreign Market Development program, are vital to the wheat industry.
- ❖ In the same breath, we cannot afford to trade away our domestic support in the name of market access. Visible market access and reduced trade barriers must be seen before we can “stomach” a reduction in our domestic support.
- ❖ And finally, we are interested in having a robust Energy Title in the Farm Bill to promote biofuels and cellulosic ethanol. There is a world of opportunity for “growing” our fuels, and we want to see this industry flourish.

Thank you again for the opportunity to be here today. The wheat producers of Texas look forward to the challenge of writing a strong and viable Farm Bill for the future of American Agriculture.